

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



天立教育国际控股有限公司

Tianli Education International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1773)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

The Board of Directors of Tianli Education International Holdings Limited is pleased to announce the interim results of the Group for the six months ended 28 February 2022, together with comparative figures for the six months ended 30 June 2021.

### FINANCIAL HIGHLIGHTS

	<b>For the six months ended 28 February 2022 RMB'000 (Unaudited)</b>	<b>For the six months ended 30 June 2021 RMB'000 (Unaudited and restated)</b>
Revenue	<b>399,063</b>	329,299
Gross profit	<b>112,834</b>	96,765
Profit for the period	<b>30,802</b>	29,118

#### Notes:

On 24 May 2021, the Company announced to change its financial year-end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. Accordingly, the current accounting period covers a period of six months from 1 September 2021 to 28 February 2022. The corresponding comparative amounts shown in condensed consolidated statement of profit or loss and other comprehensive income covered a period of six months from 1 January 2021 to 30 June 2021, to be used as comparable with those of the current period. Therefore, the comparative amounts may not be entirely comparable with the amounts shown in the Reporting Period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

Established in 2002, the Group is a leading comprehensive education service operator in Western region of the PRC. We provide customers with comprehensive education management and diversified services. As at 28 February 2022, we provide comprehensive education service to tens of thousands of students.

#### **Our Education Philosophy**

Our fundamental educational philosophy is premised on the development of each child's strengths and potential and promotion of life-long learning and growth. The core of our educational philosophy is "Six Establishments and One Accomplishment (六立一達)", which represents the seven crucial objectives we encourage our students to achieve sound health, morality, wisdom, behavior, mind and creativity and a positive influence on society in addition to self-realization ("立身, 立德, 立學, 立行, 立心, 立異, 達人"). We are committed to being the role model among our students through continuous contribution to the communities. In December 2021, the Group successively won honorary titles such as the "2021 Comprehensive Strength Education Group", "2021 Influential Education Brand", and "2021 Industry Benchmark Education Group".

#### **Student Placement and Education Quality**

Since our inception, our students have consistently achieved outstanding results in various academic examinations and contests, as well as in extra-curricular activities. In 2021, our graduating high school students of our schools participated in the National Higher Education Entrance Examination (known as "Gaokao") in the relevant cities where the schools are located. 93.2% of our Gaokao candidates in 2021 attained entry requirements of universities in the PRC, and approximately 67.1% attained the entry requirements of first-tier universities in the PRC, including 10 enrolled at Tsinghua University and 3 enrolled into Peking University. In addition, there were 6 our high school graduates enrolled into the world's top 50 universities. During the Reporting Period, 2 students from the Deyang Tianli School won national gold medals of the 35th Chinese Chemistry Olympiad (Final), and one of the middle school students in Guangyuan Tianli School was admitted to the Xi'an Jiaotong University Youth Honored Program.

## Our Schools

With a strong presence in Sichuan province where the Group is based in, our school spans across 27 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi and Hubei.

Apart from our principal operation in comprehensive education services, the Group has also provided extra-curricular classes in music, arts, sports and language in our Luzhou and Yibin tutorial centers, and licensed the right to use our brand to early childhood education centers in Chongqing and Luzhou during the Reporting Period.

PRC-certified teachers are crucial to our business, allowing us to maintain the quality of our educational services while undergoing expansion. The table below sets forth a breakdown of the number of full-time teachers employed by us as at the dates indicated:

	As at 28 February 2022	As at 31 August 2021
Self-owned schools	790	725
Self-owned tutorial centers	<u>11</u>	<u>33</u>
<b>Total</b>	<b><u><u>801</u></u></b>	<b><u><u>758</u></u></b>

We recruit teachers through different channels and methods, including campus recruitment, general public recruitment, and assessment of candidates who apply through our recruitment procedures and the use of online recruiting websites. We offer internships to undergraduate students who major in education or related subjects and show promising potential during our recruiting process. We also actively recruit teachers with extensive experiences from public schools and other private schools to expand our talent pool.

### Self-owned Schools

All of our schools except kindergartens are boarding schools. We charge students enrolled in our self-owned schools comprehensive education services fees, which are generally paid in advance prior to the beginning of each school year. For our self-owned kindergartens, the fees are generally paid in advance at the beginning of every semester.

## **Information about our tutorial centers and early childhood education centers**

The Group has also provided extra-curricular classes in music, arts, sports and language in self-owned tutorial centers, and licensed the right to use our brand to early childhood education centers during the Reporting Period. The following table sets forth information about our tutorial centers and early childhood education centers in operation as at 28 February 2022:

### ***Tutorial Centers***

<b>Location</b>	<b>Program</b>	<b>Nature</b>	<b>Number of centers</b>
Luzhou	Music, art and after school classes	Self-owned	3
Yibin	Music, art and language classes	Self-owned	2

### ***Early Childhood Education Centers***

<b>Location</b>	<b>Program</b>	<b>Nature</b>	<b>Number of centers</b>
Chongqing	Pre-school education	Franchised	1
Luzhou	Pre-school education	Self-owned	2
		Franchised	2

## **Management and franchise fees received from entrusted and franchised schools**

During the Reporting Period, the Group provided school management services for 6 entrusted schools and licensed the right to use our brand to 3 franchised early childhood education centers.

## REGULATORY UPDATES

### Latest updates on the Implementation Regulations

In May 2021, the State Council of the People’s Republic of China announced the Implementation Rules for the Law for Promoting Privation Education (《中華人民共和國民辦教育促進法實施條例》) (the “**Implementation Regulations**”) which came into effect on 1 September 2021. The Implementation Regulations set out more detailed regulations over the operation and management of private schools, which, among other things, required that (i) social organizations and individuals are prohibited from controlling private schools that provide compulsory education and non-profit private schools that provide pre-school education by means of merger, acquisition or agreement control; and (ii) private schools providing compulsory education are prohibited from conducting transactions with the related parties.

As the Implementation Regulations prohibit private schools which provide compulsory education from conducting transactions with the related parties, the management team of our Group has assessed its impact on our Group and concluded that, based on the existing relevant facts and situation, the Group’s ability to acquire variable returns through Exclusive Business Cooperation Agreement from certain operating schools (the “**Affected Business**”) has been terminated immediately before the Implementation Regulations came into effect on 1 September 2021. Therefore, the Group has decided to exclude its Affected Business from the scope of the consolidated financial statements since 31 August 2021 and the carrying amount related to the net assets of such Affected Business for the year ended 31 August 2021 have been deconsolidated from the consolidated financial statements of the Group. The business operations of the Affected Business have been classified as discontinued operations for the period ended 31 August 2021.

The Company is of the opinion that there are substantial uncertainties regarding the interpretation and application of the Implementation Regulations. As at the date of this announcement, the national and local governments have not yet issued corresponding classification management regulations and rules in respect of the Implementation Regulations. We will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

## The Affected Business

The table below sets out the names of entities and their principal business related to the Affected Business as at 28 February 2022:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School ( <i>Note 1</i> )	Elementary school
2	Yibin Cuiping District Tianli School	Integrated school
3	Guangyuan Tianli School	Integrated school
4	Neijiang Shizhong District Tianli School	Integrated school
5	Liangshan Xichang Tianli School	Integrated school
6	Ya'an Tianli School	Integrated school
7	Cangxi Tianli School	Integrated school
8	Deyang Tianli School	Integrated school
9	Ziyang Tianli School	Integrated school
10	Yichun Tianli School	Elementary school and Middle school
11	Baoshan Tianli School	Elementary school and Middle school
12	Dazhou Tianli School	Integrated school
13	Weifang Tianli School	Integrated school
14	Yiliang Tianli School	Elementary school and Middle school
15	Ulanqab Jining District	Elementary school and Middle school
16	Zhoukou Tianli School	Elementary school and Middle school
17	Zunyi Xinpu New District Tianli School	Elementary school and Middle school
18	Dongying Kenli District Tianli School	Elementary school and Middle school
19	Jiange Jianmenguan Tianli School	Elementary school and Middle school
20	Luzhou Longmatan Tianli Chunyu School	Elementary school and Middle school
21	Wulian Tianli School	Elementary school and Middle school
22	Baise Tianli School	Elementary school and Middle school
23	Jining Tianli School	Elementary school and Middle school
24	Weihai Nanhai New Area District Tianli School	Elementary school and Middle school
25	Chongqing Fuling Tianli Yangjia Tianli School	Elementary school and Middle school
26	Honghu Tianli School	Elementary school and Middle school
27	Tongren Wanshan District Tianli School	Elementary school and Middle school
28	Lanzhou Tianli School	Elementary school and Middle school
29	Chengdu Longquanyi Tianli School ( <i>Note 2</i> )	Elementary school and Middle school
30	Chengdu Pidu Tianli School ( <i>Note 2</i> )	Integrated school

\* Integrated school included elementary school, middle school and high school.

### Notes:

1. Approximately 83.34% of equity interest of Luzhou Longmatan Tianli Elementary School was attributable to the Company.
2. 49% of equity interest of Chengdu Longquanyi Tianli School and Chengdu Pidu Tianli School were indirectly attributable to the Company.
3. All other schools were wholly-owned by the Group.

Although the aforementioned schools were deconsolidated from the Group due to the Implementation Regulations, with an accountable and responsible attitude to students, parents and the society, the Group will maintain continuous and stable enrollment and operation for the schools that have been opened and operated nationwide. We will continue to provide high quality teaching services to students and parents.

The financial information relating to the Affected Business are as below:

	<b>28 February 2022 RMB '000 (unaudited)</b>	31 August 2021 RMB '000 (audited)
Current assets	<b>2,537,520</b>	2,667,861
Non-current assets	<b>1,918,684</b>	1,952,358
<b>Total assets</b>	<b>4,456,204</b>	<b>4,620,219</b>
Current liabilities	<b>2,607,543</b>	3,067,520
Non-current liabilities	<b>1,148,292</b>	1,109,601
<b>Total liabilities</b>	<b>3,755,835</b>	<b>4,177,121</b>
<b>Net assets</b>	<b>700,369</b>	<b>443,098</b>

## Prospects

In order to safeguard the sustainable development of the Group and to protect the long-term interests of the Company and its shareholders, (i) the Group will adopt measures to optimize its operational structure, including separating the high schools with independent operating licenses from integrated schools. After obtaining the individual operating licences, the financial results of these high schools are expected to be consolidated in the consolidated financial statements of the Group; and (ii) the Group will progressively reduce the enrolment scale of elementary and middle schools affected.

Looking forward, the Group will adhere to its strategic expansion nationwide through expansion of optimization with a focus of for-profit high schools, providing students with comprehensive operational services, including but not limited to a series of other value-added services such as online campus store, logistical integrated services, study guidance for art and sports oriented schools, international education, overseas studies consulting and study tours to promote the overall development of the students.

## **FINANCIAL REVIEW**

On 24 May 2021, the Company announced to change its financial year-end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. Accordingly, the current accounting period covers a period of six months from 1 September 2021 to 28 February 2022. The corresponding comparative amounts shown in condensed consolidated statement of profit or loss and other comprehensive income covered a period of six months from 1 January 2021 to 30 June 2021, to be used as comparable with those of the current period. Therefore, the comparative amounts may not be entirely comparable with the amounts shown in the Reporting Period.

Following the promulgation of the Implementation Regulations, the Group's management assessed the impact and concluded that (i) the assets and liabilities related to the Affected Business were deconsolidated from the consolidated financial statements of the Group from the end of 31 August 2021; and (ii) the operations relating to the Affected Business were classified as discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2021 has been re-stated to conform to the current period's presentation.

As a result of the aforesaid, the unaudited financial information of the Company herein covers a period of six months from 1 September 2021 to 28 February 2022, while the unaudited and restated comparative figures covers a period of six months from 1 January 2021 to 30 June 2021.



Set out below includes the key highlights for the financial results for the six months ended 30 June 2021 and the six months ended 28 February 2022.

	<b>Six months ended 28 February 2022 RMB'000 (unaudited)</b>	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
<b>Revenue</b>	<b>399,063</b>	329,299
Cost of sales	<u>(286,229)</u>	<u>(232,534)</u>
<b>GROSS PROFIT</b>	<b>112,834</b>	96,765
Other income and gains	<b>10,051</b>	18,344
Selling and distribution expenses	<b>(5,918)</b>	(3,320)
Administrative expenses	<b>(60,375)</b>	(61,741)
Other expenses	<b>(3,226)</b>	(12,458)
Interest expenses	<b>(14,453)</b>	(6,760)
Share of (losses)/profits of:		
A joint venture	<b>(473)</b>	3,405
Associates	<u><b>(103)</b></u>	<u>1,630</u>
<b>PROFIT BEFORE TAX</b>	<b>38,337</b>	35,865
Income tax expense	<u><b>(7,535)</b></u>	<u>(6,747)</u>
<b>PROFIT FOR THE PERIOD</b>	<u><b>30,802</b></u>	<u>29,118</u>

## Revenue

Our revenue mainly includes canteen operations, comprehensive educational and quality services, etc. The following table sets forth the components of our revenue for the periods indicated.

	<b>Six months ended 28 February 2022 RMB'000 (unaudited)</b>	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
Canteen operations	<b>212,647</b>	192,845
Comprehensive educational services	<b>148,241</b>	107,401
Comprehensive quality services	<b>16,373</b>	–
Study trip services	<b>6,461</b>	4,740
Supply chain management services	<b>7,503</b>	1,816
Management and franchise fees	<b>7,838</b>	22,497
<b>Total</b>	<b><u>399,063</u></b>	<b><u>329,299</u></b>

Our revenue increased by 21.2% from RMB329.3 million for the six months ended 30 June 2021 to RMB399.1 million for the six months ended 28 February 2022, primarily driven by the increase of revenue from comprehensive educational services. The revenue from comprehensive educational services of the Group increased by 38.0% from RMB107.4 million for the six months ended 30 June 2021 to RMB148.2 million for the six months ended 28 February 2022, which is driven by an increase in student enrollment of our self-owned schools. During the Reporting Period, the Group also initiated the provision of comprehensive quality services, which aimed at facilitating all round development of students and cultivating comprehensive talented personnel.

The revenue from canteen operations increased by 10.3% from RMB192.8 million for the six months ended 30 June 2021 to RMB212.6 million for the six months ended 28 February 2022, primarily as a result of increased student enrollment.

The revenue from study trip services and supply chain management services are RMB6.5 million and RMB7.5 million respectively for the six months ended 28 February 2022. The study trip services include the Group's experiential learning programmes that combine study tours and research studies during weekends and winter vacations, in order to nurture our children into well-rounded builders and successors of socialist cause, morally, intellectually, physically, aesthetically and diligently.

The revenue from management and franchise fees decreased by 65.2% from RMB22.5 million for the six months ended 30 June 2021 to RMB7.8 million for the six months ended 28 February 2022, primarily because as stated above, the Group are prohibited from receiving management fees from the Affected Business since the Implementation Regulations came into effect on 1 September 2021.

## Costs of Principal Activities

Our cost of sales consists of labor costs, teaching related costs, depreciation and amortization, material consumption, utilities and others. The following table sets forth the components of our cost of sales for the periods indicated.

	<b>Six months ended 28 February 2022 RMB'000 (unaudited)</b>	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
Material consumption	<b>135,597</b>	103,784
Staff costs	<b>73,018</b>	68,237
Teaching activity costs	<b>12,645</b>	3,842
Depreciation and amortization	<b>50,154</b>	44,135
Utilities	<b>8,723</b>	7,210
Service procurement cost	<b>3,110</b>	3,726
Others	<b>2,982</b>	1,600
<b>Total</b>	<b><u>286,229</u></b>	<b><u>232,534</u></b>

Material consumption costs increased by 30.7% from RMB103.8 million for the six months ended 30 June 2021 to RMB135.6 million for the six months ended 28 February 2022, primarily because of the increased student enrollment.

Staff costs increased by 7.0% from RMB68.2 million for the six months ended 30 June 2021 to RMB73.0 million for the six months ended 28 February 2022, primarily because we hired new teachers as a result of the increased student enrollment and the expansion of our school network while raising the salaries and wages of our teachers to attract and retain well-qualified teaching staff.

Teaching activity costs increased by 229.1% from RMB3.8 million for the six months ended 30 June 2021 to RMB12.6 million for the six months ended 28 February 2022. This is primarily because of the Group's initiatives in launching "Project No. 1" in 2021 with a view to better enhance the learning efficiency and academic performance of students at different levels, and the Group has accordingly increased its investment in the three-tier (ABC) teaching resources and development of the curriculum system, so that each child can be his/her best self through the substantive layered teaching.

Depreciation and amortization costs increased by 13.6% from RMB44.1 million for the six months ended 30 June 2021 to RMB50.2 million for the six months ended 28 February 2022, primarily because we newly opened six self-owned schools in September 2021.

Utilities cost increased by 21.0% from RMB7.2 million for the six months ended 30 June 2021 to RMB8.7 million for the six months ended 28 February 2022, primarily because we incurred additional utility for the self-owned schools opened in the 2021/2022 school year.

## **Gross Profit and Gross Profit Margin**

The Group's gross profit for the six months ended 28 February 2022 were approximately RMB112.8 million, representing an increase of 16.6% from approximately RMB96.8 million for the six months ended 30 June 2021. The Group's gross profit margin for the six months ended 28 February 2022 was approximately 28.3%, which remains relatively stable as compared to 29.4% for the six months ended 30 June 2021.

## **Other Income and Gains**

Other income and gains primarily consist of bank interest income, other service income, gain on disposal of financial assets at fair value through profit or loss and rental income.

Other income and gains decreased from RMB18.3 million for the six months ended 30 June 2021 to RMB10.1 million for the six months ended 28 February 2022, primarily because of the decrease in rental income. The Group are prohibited from receiving rental fees from the Affected Business since the Implementation Regulations came into effect on 1 September 2021.

## **Administrative Expenses**

Administrative expenses primarily consist of (i) administrative staff costs, and (ii) office administration expenses, which primarily consist of office supply and utilities and travelling, and meal and training expenses incurred in connection with administrative activities. The Group's administrative expenses of RMB60.4 million for the six months ended 28 February 2022 decreased slightly as compared to RMB61.7 million for the six months ended 30 June 2021 due to improvement of management efficiency.

## **Interest Expenses**

Interest expenses increased from RMB6.8 million for the six months ended 30 June 2021 to RMB14.5 million for the six months ended 28 February 2022, primarily because of the increase in interest on lease liabilities and decrease in interest expenses capitalised as fewer schools under construction compared to for the six months ended 30 June 2021.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The shares of the Company were successfully listed on Main Board of the Stock Exchange on 12 July 2018. There has been no change in the capital structure of the Group since then. The capital of the Company only comprises of ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 28 February 2022, we had net current liabilities of approximately RMB1,160.0 million (31 August 2021: RMB2,163.3 million). The decrease in net current liabilities was mainly attributable to the decrease in amounts due to related parties in current liabilities as the Group extended the repayment term of approximately RMB1,080.9 million to 2 to 5 years.

As at 28 February 2022, amounts due from related parties mainly comprised advances given to the Affected Business of approximately RMB1,293.0 million, and amount due to related parties mainly comprised construction fees payable to Sichuan Nanyuan Construction Co., Ltd., a company controlled by Mr. Luo, of approximately RMB370.3 million, and advances received from the Affected Business of approximately RMB2,578.1 million. Those amounts due to and amounts due from the Affected Business represent balances between the Group and the Affected Business. Prior to 31 August 2021, these balances were eliminated upon consolidation of the Affected Business by the Group. As mentioned aforesaid, the Affected Business was deconsolidated on 31 August 2021, and these balances were no longer eliminated and shown as amounts due to or amounts due from the Affected Business.

In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the cash flows from operations and unutilised banking facilities, the Directors are of the opinion the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the Financial Information as a going concern basis.

As at 28 February 2022, the Group had cash and cash equivalents of approximately RMB469.6 million (30 June 2021: approximately RMB791.9 million). The following table sets forth a summary of our cash flows for the periods indicated:

	<b>Six months ended 28 February 2022 (Unaudited) RMB'000</b>	Six months ended 30 June 2021 (Unaudited and restated) RMB'000
Net cash flow from operating activities	<b>83,915</b>	190,221
Net cash flow used in investing activities	<b>(300,625)</b>	(1,611,380)
Net cash flow (used in)/from financing activities	<b>(585,876)</b>	743,970
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(802,586)</b>	(677,189)
Net effect of foreign exchange rates	<b>(1,047)</b>	(5,310)
Cash and cash equivalents at beginning of period	<b>1,273,258</b>	1,474,380
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>469,625</b>	791,881
	<hr/> <hr/>	<hr/> <hr/>

## **BORROWINGS AND GEARING RATIO**

As at 28 February 2022, the Group had borrowings of approximately RMB1,051.3 million (31 August 2021: RMB1,233.7 million). The Group's bank borrowings, which were all at fixed interest rates, were primarily used in financing the working capital requirement of its operations and school constructions.

As at 28 February 2022, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 14.4% (31 August 2021: approximately 15.8%).

## **FOREIGN CURRENCY RISK**

The functional currency of the Company is RMB, except that the functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at 28 February 2022, certain cash and bank balances and time deposits are denominated in RMB, HKD and USD, which would expose the Group to foreign currency risk. The Group has not used any foreign currency swap contracts to reduce the exposure to USD and HKD arising from bank balances. The Company also currently does not have any foreign exchange hedging policy.

## **TREASURY POLICIES**

The Directors will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong and healthy liquidity position to ensure that the Group is well placed to take advantage of future growth opportunities.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no significant investment held, material acquisition and disposal of subsidiaries and associates by the Company during the six months ended 28 February 2022. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will gradually restructure its business into the provision of integrated operational services in relation to the development of people of the appropriate age, and seek generic strategic expansions through acquisitions of suitable targets. We are confident in the future and committed to continuous growth of the Company.

## **CAPITAL EXPENDITURES**

Our capital expenditures primarily related to the construction of new self-owned schools, the maintenance and upgrade of our existing self-owned schools, and the purchase of additional educational facilities and equipment for our self-owned schools. The Group's capital expenditures consisted of purchase or construction costs relating to property, equipment, prepaid land lease payments and other intangible assets. For the six months ended 28 February 2022, our capital expenditures were RMB297.1 million, which we funded primarily through cash generated from operations and bank facilities.

## **CONTINGENT LIABILITIES**

As at 28 February 2022, the Group did not have any material contingent liabilities (31 August 2021: Nil).

## **CAPITAL COMMITMENTS**

As at 28 February 2022, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to RMB237.2 million (31 August 2021: RMB142.6 million).

## **SEGMENT INFORMATION**

The Group has determined that it only has one operating segment which is the provision of comprehensive education and related management services.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	<i>Notes</i>	<b>Six months ended 28 Feb 2022 RMB'000 (unaudited)</b>	Six months ended 30 Jun 2021 RMB'000 (unaudited and restated)
<b>Revenue</b>	3	<b>399,063</b>	329,299
Cost of sales		<u>(286,229)</u>	<u>(232,534)</u>
Gross profit		<b>112,834</b>	96,765
Other income and gains	3	<b>10,051</b>	18,344
Selling and distribution expenses		<b>(5,918)</b>	(3,320)
Administrative expenses		<b>(60,375)</b>	(61,741)
Other expenses		<b>(3,226)</b>	(12,458)
Interest expenses	4	<b>(14,453)</b>	(6,760)
Share of (losses)/profits of:			
A joint venture		<b>(473)</b>	3,405
Associates		<u>(103)</u>	<u>1,630</u>
<b>PROFIT BEFORE TAX</b>	5	<b>38,337</b>	35,865
Income tax expense	6	<u>(7,535)</u>	<u>(6,747)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>30,802</u></b>	<b><u>29,118</u></b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:			
Exchange differences related to translation of a foreign operation		<u>(141)</u>	<u>(85)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>30,661</u></b>	<b><u>29,033</u></b>
Profit attributable to:			
Owners of the Company		<b>31,077</b>	26,726
Non-controlling interests		<u>(275)</u>	<u>2,392</u>
		<b><u>30,802</u></b>	<b><u>29,118</u></b>



	<i>Notes</i>	<b>Six months ended 28 Feb 2022 RMB'000 (unaudited)</b>	Six months ended 30 Jun 2021 RMB'000 (unaudited and restated)
Total comprehensive income attributable to:			
Owners of the Company		<b>30,936</b>	26,641
Non-controlling interests		<b>(275)</b>	2,392
		<b><u>30,661</u></b>	<b><u>29,033</u></b>

**EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY  
EQUITY HOLDERS OF THE COMPANY**

Basic	7	<b><u>RMB1.47 cents</u></b>	<b><u>RMB1.25 cents</u></b>
Diluted	7	<b><u>RMB1.46 cents</u></b>	<b><u>RMB1.25 cents</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**28 FEBRUARY 2022**

	<i>Notes</i>	<b>28 Feb 2022</b> <b>RMB'000</b> <b>(unaudited)</b>	31 Aug 2021 <b>RMB'000</b> <b>(audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	<i>8</i>	<b>3,130,340</b>	2,915,536
Right-of-use assets	<i>9</i>	<b>1,618,903</b>	1,601,918
Goodwill	<i>10</i>	<b>7,572</b>	7,572
Other intangible assets		<b>12,704</b>	7,660
Investment in a joint venture		<b>161,347</b>	161,820
Investments in associates		<b>69,667</b>	69,770
Prepayments, deposits and other receivables	<i>12</i>	<b>198,025</b>	142,265
Deferred tax assets		<b>271,309</b>	271,309
		<hr/>	<hr/>
Total non-current assets		<b>5,469,867</b>	5,177,850
<b>CURRENT ASSETS</b>			
Inventories		<b>5,737</b>	3,797
Trade receivables	<i>11</i>	<b>8,194</b>	3,550
Prepayments, deposits and other receivables	<i>12</i>	<b>46,584</b>	35,224
Amounts due from related parties		<b>1,295,991</b>	1,094,614
Financial assets at fair value through profit or loss		<b>1,010</b>	205,090
Cash and cash equivalents		<b>469,625</b>	1,273,258
		<hr/>	<hr/>
Total current assets		<b>1,827,141</b>	2,615,533
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>13</i>	<b>28,109</b>	11,419
Other payables and accruals		<b>250,593</b>	300,679
Contract liabilities	<i>14</i>	<b>310,486</b>	395,737
Interest-bearing bank loans	<i>15</i>	<b>243,250</b>	491,471
Amount due to related parties		<b>1,867,556</b>	3,229,149
Tax payable		<b>115,732</b>	115,938
Lease liabilities	<i>9</i>	<b>12,501</b>	13,662
Dividends payable		<b>–</b>	80,064
Deferred income		<b>158,898</b>	140,670
		<hr/>	<hr/>
Total current liabilities		<b>2,987,125</b>	4,778,789
<b>NET CURRENT LIABILITIES</b>	<i>1.1</i>	<b>(1,159,984)</b>	(2,163,256)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,309,883</b>	3,014,594

	<i>Notes</i>	<b>28 Feb 2022</b> <b><i>RMB'000</i></b> <b>(unaudited)</b>	31 Aug 2021 <i>RMB'000</i> (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	<i>9</i>	<b>179,349</b>	157,362
Deferred income		<b>417,388</b>	327,115
Interest-bearing bank loans	<i>15</i>	<b>808,075</b>	742,250
Amount due to related parties		<b>1,080,892</b>	—
		<hr/>	<hr/>
Total non-current liabilities		<b>2,485,704</b>	1,226,727
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>1,824,179</b>	1,787,867
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	<i>16</i>	<b>184,042</b>	184,042
Reserves		<b>1,611,521</b>	1,579,934
		<hr/>	<hr/>
		<b>1,795,563</b>	1,763,976
		<hr/>	<hr/>
Non-controlling interests		<b>28,616</b>	23,891
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,824,179</b>	1,787,867
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO FINANCIAL STATEMENTS

28 FEBRUARY 2022

### 1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2022 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the eight months ended 31 August 2021.

#### Going concern

The Group recorded net current liabilities of RMB1,159,984,000 as at 28 February 2022. Therein the Group recorded a current portion of contract liabilities and deferred income of RMB310,486,000 and RMB158,898,000, respectively. The Group had cash and cash equivalents of RMB469,625,000 as at 28 February 2022.

In view of the net current liabilities position, the directors of the Company (“Directors”) have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors believed that the Group has adequate cash flows to maintain the Group’s operation and continue as a going concern, mainly for the reason that, in February 2022, the Group entered into a banking facility arrangement with a licensed bank in Mainland China, pursuant to which a total banking facility with an approved limit of RMB1 billion will be made available to the Group in the next two years from February 2022. As at the date of this report, the RMB1 billion banking facility is remained unutilized.

Having considered the cash flows from operations, the positive operating results and unutilised bank facilities, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the interim condensed consolidated financial information of the Group for the six months ended 28 February 2022 on a going concern basis.

### 1.2 CHANGE OF FINANCIAL YEAR END DATE

On 24 May 2021, the Directors and the Company have resolved to change the financial year end date of the Company from 31 December to 31 August (the “Change”).

In view of the Change, the interim condensed consolidated financial information and the related notes presented for the current period cover a six-month period from 1 September 2021 to 28 February 2022 while the corresponding comparative amounts shown for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the related notes cover a six-month period from 1 January 2021 to 30 June 2021. As a result, the comparative amounts may not be entirely comparable with the amounts shown for the current period.

## 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2021, except for the adoption of the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 for the first time for the current period’s financial information.

The Group has assessed the impact of the adoption of these amendments and concluded that these amendments did not have any significant financial impact on the financial position and performance of the Group.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	28 Feb 2022	30 Jun 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
<i>Revenue from contracts with customers</i>		
Canteen operations	212,647	192,845
Comprehensive educational services	148,241	107,401
Comprehensive quality services	16,373	–
Management and franchise fees	7,838	22,497
Supply chain management services	7,503	1,816
Study trip services	6,461	4,740
	<hr/>	<hr/>
Total revenue	<b>399,063</b>	329,299
	<hr/> <hr/>	<hr/> <hr/>

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

	For the six months ended	
	28 Feb 2022	30 Jun 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	212,647	192,845
Services transferred over time	186,416	136,454
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>399,063</b>	329,299
	<hr/> <hr/>	<hr/> <hr/>

At 28 February 2022, all amounts of transaction prices related to performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

An analysis of other income and gains is as follows:

	<b>For the six months ended</b>	
	<b>28 Feb 2022</b>	30 Jun 2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited and restated)
Other income and gains		
Gain on disposal of financial assets at fair value through profit or loss	<b>6,535</b>	6,330
Rental income	<b>1,709</b>	9,388
Bank interest income	<b>1,268</b>	1,793
Others	<b>439</b>	707
Other service income	<b>100</b>	126
	<hr/>	<hr/>
Total other income and gains	<b>10,051</b>	18,344
	<hr/> <hr/>	<hr/> <hr/>

#### 4. INTEREST EXPENSES

An analysis of the Group's interest expenses is as follows:

	<b>For the six months ended</b>	
	<b>28 Feb 2022</b>	30 Jun 2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited and restated)
Interest on bank loans	<b>32,842</b>	33,251
Less: Interest capitalised under property, plant and equipment	<b>(24,288)</b>	(27,585)
	<hr/>	<hr/>
Interest on lease liabilities	<b>5,899</b>	1,094
	<hr/>	<hr/>
	<b>14,453</b>	6,760
	<hr/> <hr/>	<hr/> <hr/>
Interest rate of borrowing costs capitalized (%)	<b>5.39-7.35</b>	5.39-7.35
	<hr/> <hr/>	<hr/> <hr/>

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

Notes	For the Six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Cost of inventories sold	135,857	103,987
Cost of services provided	150,372	128,547
	<u>286,229</u>	<u>232,534</u>
Loss on disposal of property, plant and equipment, net	–	19
Equity-settled share award scheme expenses	3,527	5,797
Foreign exchange losses, net	1,374	7,322
	<u>1,374</u>	<u>7,322</u>

## 6. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Period:

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Current – Mainland China	<u>7,535</u>	<u>6,747</u>

*Notes:*

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands. Loss generated by the Company mainly consisted of foreign exchange loss which is non-deductible for tax purposes.
- (b) The applicable corporate income tax (“CIT”) rate for a Hong Kong-incorporated subsidiary was 16.5% and no provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended 30 June 2021.
- (c) Pursuant to the People’s Republic of China (the “PRC”) Income Tax Law and the respective regulations, except for Tibet Yongsi Technology Co., Ltd. (“Tibet Yongsi”), all the Group’s non-school subsidiaries established in the PRC were subject to the PRC CIT at a rate of 25% during the Period and the six months ended 30 June 2021.

During the Period from 1 September 2021 to 31 December 2021, Tibet Yongsi was entitled to an effective preferential PRC CIT rate of 9% as its business scope falls within the scope of the encouraged industries, one of which is the education industry, under the “Western Development Policy”, and simultaneously as Tibet Yongsi absorbed more than 70% of the total number of employees of the employment of the permanent population in Tibet, it can have the local part of CIT (40% of 15%) exempted. From 1 January 2022, under the “Western Development Policy”, the income tax provision of Tibet Yongsi was calculated at a preferential tax rate of 15%.

Tutoring schools of the Group, except for Luzhou Longmatan Tutoring School that was qualified under the “Western Development Policy” enjoying a preferential tax rate of 15%, which provide non-academic and non-formal educational services, are subject to corporate income tax at a rate of 25%.

Kindergartens and certain tutoring schools were qualifying entities under the preferential income tax reduction policy for small-scaled minimal profit enterprises. Under the preferential tax policy, the first RMB1 million of taxable income of these schools is taxed at 2.5% and taxable income within RMB1 million to RMB3 million is taxed at 5%.

Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd (the “Shenzhou Hongyu”) was recognized as a qualified entity under the preferential income tax policy for the encouraged industrial enterprises in Zhuhai Hengqin Free Trade Zone. Under the preferential tax policy, the income tax of Shenzhou Hongyu was levied at a preferential PRC CIT rate of 15%.

- (d) For high schools registered as for-profit private schools, their assessable profits are taxed at 25%.



## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic and diluted earnings per share attributable to ordinary equity holding of the company are based on the following data:

	<b>For the six months ended</b>	
	<b>28 Feb 2022</b>	30 Jun 2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited and restated)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	<u>31,077</u>	<u>26,726</u>
<b>Number of shares</b>		
<b>For the six months ended</b>		
	<b>28 Feb 2022</b>	30 Jun 2021
	<b>(unaudited)</b>	(unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue	<b>2,166,000,000</b>	2,166,000,000
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	<b>(56,548,000)</b>	(35,131,000)
Weighted average number of vested ordinary shares granted under the share award plan	<u>2,043,300</u>	<u>772,400</u>
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	<u>2,111,495,300</u>	<u>2,131,641,400</u>
Effect of dilution:		
Weighted average number of unvested ordinary shares granted under the share award scheme	<u>10,763,700</u>	<u>12,585,600</u>
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>2,122,259,000</u>	<u>2,144,227,000</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the Period are as follows:

	<b>RMB'000</b> <b>(unaudited)</b>
Carrying amounts at 1 September 2021	<b>2,915,536</b>
Additions	<b>253,266</b>
Disposals	<b>(1,579)</b>
Depreciation charged for the Period	<b>(36,883)</b>
	<hr/>
Carrying amounts at 28 February 2022	<b>3,130,340</b>
	<hr/> <hr/>

*Notes:*

- (a) As at 28 February 2022, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB1,213,504,000 (31 August 2021: RMB2,141,385,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.
- (b) Interest expenses capitalised as part of property, plant and equipment by the Group during the Period amounted to RMB24,288,000 (six months ended 30 June 2021: RMB27,585,000).

## 9. LEASES

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the Period are as follows:

	<b>Right-of-use assets</b>			<b>Lease liabilities</b> <b>RMB'000</b> <b>(unaudited)</b>
	<b>Leasehold land</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>Buildings and</b> <b>other premises</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>Total</b> <b>RMB'000</b> <b>(unaudited)</b>	
As at 1 September 2021	<b>1,417,296</b>	<b>184,622</b>	<b>1,601,918</b>	<b>171,024</b>
Additions	<b>21,161</b>	<b>16,999</b>	<b>38,160</b>	<b>16,999</b>
Depreciation charge	<b>(10,624)</b>	<b>(10,551)</b>	<b>(21,175)</b>	<b>–</b>
Interest expense	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,899</b>
Payments	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,072)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
As at 28 February 2022	<b>1,427,833</b>	<b>191,070</b>	<b>1,618,903</b>	<b>191,850</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 10. GOODWILL

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. However, management did not identify any significant adverse changes in the operating results and macro environment in the six months ended 28 February 2022, and the Company's management has concluded there was no impairment indicator of goodwill as at 28 February 2022. Accordingly, the Company's management did not perform impairment testing on goodwill as at 28 February 2022.

## 11. TRADE RECEIVABLES

An ageing analysis of trade receivables as at the end of the reporting period, based on the transaction date, is as follows:

	<b>28 Feb 2022</b> <b>RMB'000</b> <b>(unaudited)</b>	31 Aug 2021 RMB'000 (audited)
Within 3 months	<b>8,194</b>	3,550

Trade receivables as at the end of the reporting period are not individually nor collectively considered to be impaired. None of the above trade receivables is either past due or impaired.

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>28 Feb 2022</b> <b>RMB'000</b> <b>(unaudited)</b>	31 Aug 2021 RMB'000 (audited)
<i>Current portion:</i>		
Security deposits related to construction of schools	<b>2,705</b>	2,576
Prepayments	<b>8,121</b>	7,863
Advances to staff	<b>12,275</b>	10,273
Loan to third parties	<b>11,268</b>	7,900
Deductible input value-added tax	<b>162</b>	1,934
Other receivables	<b>11,153</b>	3,778
Purchase of a license	<b>900</b>	900
	<b>46,584</b>	35,224
<i>Non-current portion:</i>		
Prepayments for property, plant and equipment	<b>11,488</b>	16,178
Deductible input value added tax	<b>106,655</b>	92,654
Prepayment for other intangible assets	<b>2,882</b>	1,433
Prepayment for the acquisition of land use rights	<b>77,000</b>	32,000
	<b>198,025</b>	142,265
Total	<b>244,609</b>	177,489

### 13. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the Period, based on the invoice date, is as follows:

	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Within 3 months	28,075	11,288
Over 3 months and within 6 months	–	71
Over 6 months	34	60
	<u>28,109</u>	<u>11,419</u>

### 14. CONTRACT LIABILITIES

	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
<i>Current Portion</i>		
Comprehensive educational services	131,070	242,191
Canteen operations	160,234	120,659
Comprehensive quality services	15,532	29,888
Others	3,650	2,999
	<u>310,486</u>	<u>395,737</u>

There were no contract assets at the end of the reporting period recognised in the consolidated statement of financial position.

### 15. INTEREST-BEARING BANK LOANS

	28 February 2022 (unaudited)			31 August 2021 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – secured	4.35%	2023	80,000	1.25%-6%	2022	322,221
Current portion of long term bank loans – secured	5.39%-7.35%	2023	<u>163,250</u>	5.39%-7.35%	2022	<u>169,250</u>
			<u>243,250</u>			<u>491,471</u>
<b>Non-current</b>						
Bank loans – secured	5.39%-7.35%	2024-2030	<u>808,075</u>	5.39%-7.35%	2023-2030	<u>742,250</u>
			<u>1,051,325</u>			<u>1,233,721</u>

Notes:

The Group's bank loans are secured by:

	<b>Loan amounts</b>	
	<b>28 Feb 2022</b>	<b>31 Aug 2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<i>Secured by:</i>		
Equity interests in certain subsidiaries	–	142,221
Rights over educational services fees of certain schools	<b>45,000</b>	175,000
Both equity interests and rights over educational services fees*	<b>1,006,325</b>	916,500
Total	<b>1,051,325</b>	1,233,721

\* In addition, Mr. Luo Shi ("Mr. Luo") has guaranteed the Group's bank loans of RMB72,000,000 and RMB81,000,000 as at 28 February 2022 and 31 August 2021, respectively.

## 16. SHARE CAPITAL

Shares

	<b>28 Feb 2022</b>	<b>31 Aug 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Authorised:</b>		
10,000,000,000 ordinary shares of HK\$0.1 each	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>		
2,166,000,000 ordinary shares of HK\$0.1 each	<b>216,600</b>	216,600
Equivalent to approximately (in RMB'000)	<b>184,042</b>	184,042

## 17. RESTRICTED SHARE AWARD SCHEME

The following awarded shares were outstanding under the restricted share award scheme at the end of the reporting period:

	<b>Number of shares purchased for the scheme</b>	<b>Number of awarded shares</b>
At 1 September 2021	43,686,500	12,089,100
Vested during the Period	–	(1,270,900)
Forfeited during the Period	<u>189,000</u>	<u>(189,000)</u>
At 28 February 2022	<u><u>43,875,500</u></u>	<u><u>10,629,200</u></u>

## 18. DIVIDEND

At the meeting of the Directors held on 26 April 2022, the Directors resolved not to pay an interim dividend for the Period (six months ended 30 June 2021: HK4.56 cents per ordinary share). The total interim dividend is nil (six months ended 30 June 2021: HK\$98,770,000).

## 19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>28 Feb 2022 RMB'000 (unaudited)</b>	<b>31 Aug 2021 RMB'000 (audited)</b>
Contracted but not provided for: Property, plant and equipment	<u><u>237,153</u></u>	<u><u>142,552</u></u>

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 28 February 2022, the Group employed approximately 2,519 employees (31 August 2021: 2,268).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high-calibre staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance.

The Company has also adopted a Pre-IPO Restricted Share Award Scheme, Share Option Scheme and Restricted Share Award Scheme for its employees and other eligible persons.

## **SHARE INCENTIVE SCHEMES**

Prior to listing date, the Company adopted the Pre-IPO Restricted Share Award Scheme and Share Option Scheme on 15 January 2018 and 24 June 2018 respectively. For details of the schemes, please refer to the Prospectus of the Company.

On 17 December 2018, the Company adopted Restricted Share Award Scheme. The purpose and objective of Restricted Share Award Scheme is (i) to recognize and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the Selected Participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares.

Pursuant to Restricted Share Award Scheme, existing Shares have been purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the scheme. The Restricted Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed.

On 17 December 2018, the Board resolved to grant a total of not more than 75,000,000 Shares to Selected Participants. The Award Shares represent approximately 3.48% of the total issued shares of the Company as at the date of this announcement. Subject to the acceptance of grant of the Award Shares by the Selected Participants and the terms and conditions of the Restricted Share Award Scheme, the Award Shares will be vested in full in six years according to the respective vesting schedule for the grant.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 28 February 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code for dealings in securities of the Company by the Directors. Having made specific enquiry to all the Directors, they have confirmed that they have complied with the Model Code during six months ended 28 February 2022.

## **CORPORATE GOVERNANCE**

During the six months ended 28 February 2022, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, save and except for the following deviation.

Code provision A.2.1 of the CG Code (which has been re-arranged as code provision C.2.1 since 1 January 2022) stipulates that the roles of chairman and chief executive should not be performed by the same individual. Mr. Luo Shi was appointed as the chairman of the Board and an executive Director of our Company on 31 January 2018. Mr. Luo has been the chief executive officer and chairman of Tianli Education since September 2013.

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises five other experienced individuals including one other executive Director and three independent non-executive Directors. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.



## **REVIEW OF INTERIM RESULTS**

The independent auditors of the Company, namely, Ernst & Young, have carried out a review of the interim condensed financial information in accordance with the Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 28 February 2022) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## **EVENTS AFTER THE REPORTING PERIOD**

Up to the date of this announcement, the Group has no subsequent event after 28 February 2022 which required disclosure.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.tianlieducation.com](http://www.tianlieducation.com). The interim report of the Group for the six months ended 28 February 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

## DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context requires otherwise:

“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company
“Board”	the board of Directors of the Company
“Company”	Tianli Education International Holdings Limited (天立教育國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
“CG Code”	Corporate Governance Code and Corporate Governance Report
“Director(s)”	the director(s) of the Company
“Gaokao”	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
“Group”, “we”, “us” or “our”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in the PRC
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“PRC”	the People’s Republic of China which, for the purpose of this report, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-IPO Restricted Share Award Scheme”	the pre-IPO restricted share award scheme for the award of Shares to eligible participants, adopted by the Company on 26 January 2018, the principal terms of which are set out in the section headed “Statutory and General Information – D. Restricted Share Award Scheme” in Appendix V to the Prospectus
“Prospectus”	the prospectus of the Company dated 28 June 2018 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“Reporting Period”	the period for the six months ended 28 February 2022

“Restricted Share Award Scheme”	the restricted share award scheme for the award of Shares to eligible participant, adopted by the Company on 17 December 2018, pursuant to the announcement made by the Company on 17 December 2018
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Selected Participants”	eligible persons selected by the Board or authorized administrators to be granted the share awards under the Restricted Share Award Scheme at its sole discretion
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HKD0.1 each
“Share Option Scheme”	the share option scheme of our Company, adopted pursuant to a resolution of our Shareholders on 24 June 2018, the principal terms of which are summarized in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix V to the Prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianli Education”	Shenzhou Tianli Education Investment Co., Ltd. (神州天立教育投資有限責任公司), a limited liability company established in the PRC on 19 April 2013 and our principal operating subsidiary, it was formerly known as Sichuan Shenzhou Tianli Education Investment Co., Ltd. (四川神州天立教育投資有限公司)
“Trustee”	THE CORE TRUST COMPANY LIMITED (匯聚信託有限公司) (which is independent of and not connected with the Company), being appointed by the Company for the administration of the Restricted Share Award Scheme, or any additional or replacement trustee(s)

By the order of the Board of Directors  
**Tianli Education International Holdings Limited**  
**Luo Shi**  
*Chairman, Executive Director and Chief Executive Officer*

The PRC, 26 April 2022

*As at the date of this announcement, the Board comprises Mr. Luo Shi as chairman and executive Director and Mr. Wang Rui as executive Director, Mr. Tian Mu as non-executive Director and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive Directors.*